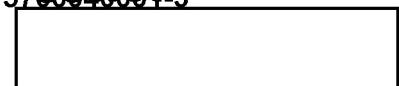


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CONTENTS

Laos: The Communists may be moving west of Muong Soui. (Page 1)

Cambodia: The government has disclosed new information linking the Vietnamese Communists with Cambodian insurgency. (Page 3)

Austria: A return to the "Grand Coalition" is almost a certainty. (Page 5)

Yugoslavia: Certain elements in the party are more openly opposed to Tito's policies. (Page 6)

Guatemala: Rightist Colonel Arana is the leader in the presidential election. (Page 7)

Colombia: The presidential contest appears to be centering on two candidates. (Page 8)

Honduras: Dissatisfaction with the Central American Common Market remains an important issue. (Page 9)

Communist China - Yugoslavia: Trade increase (Page 10)

Libya: Foreign commitments challenged (Page 10)

South Africa: Criticism of prime minister (Page 10)

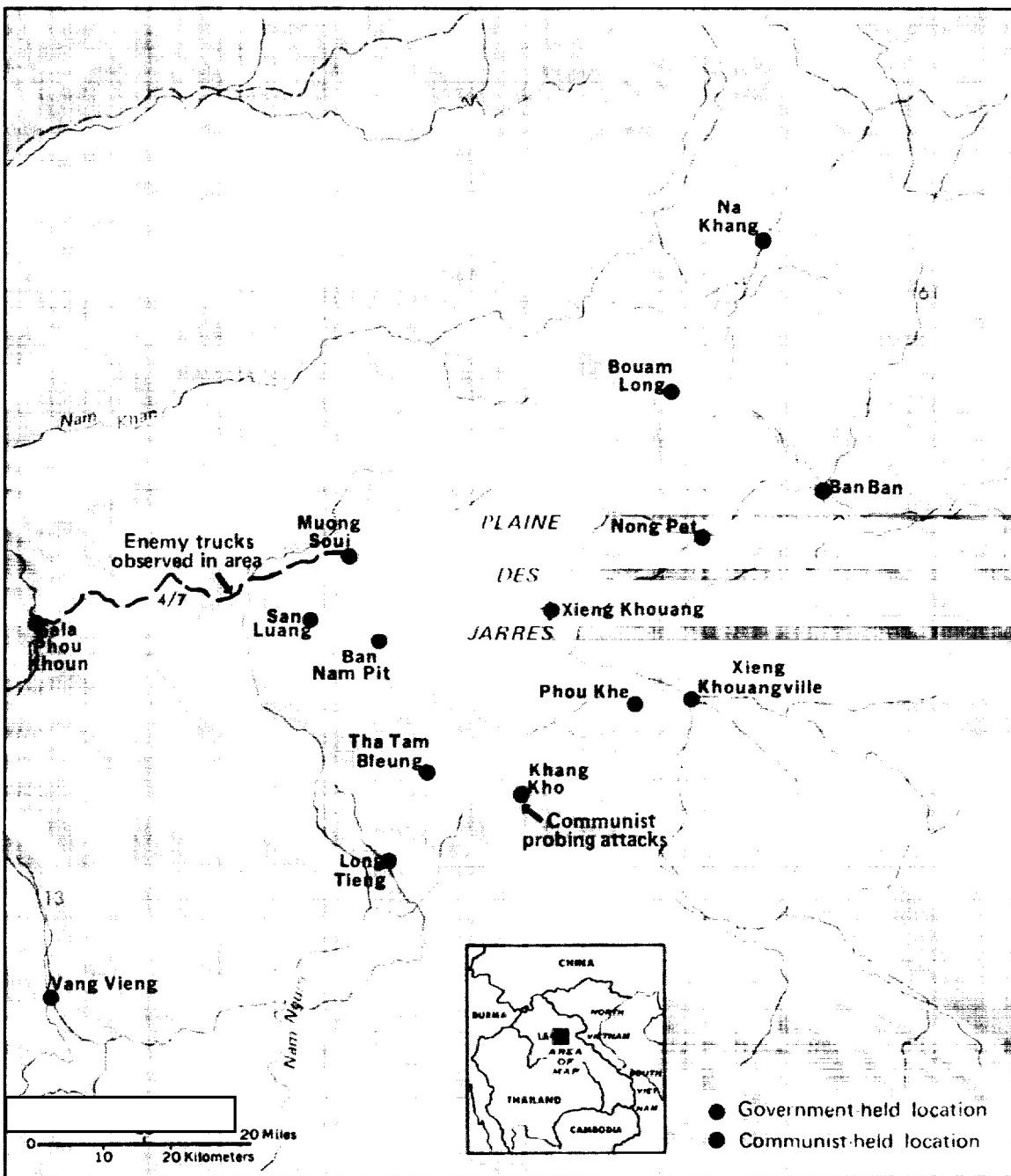
Malawi-Rhodesia: Permanent office rejected (Page 11)

UN: Seabeds (Page 11)

Bolivia: Explosion (Page 11)

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Communists Moving West of Plain



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Laos: There are signs the Communists may be moving west of Muong Soui.

In recent days government patrols have sighted a small number of enemy trucks operating on Route 7 some 12 miles west of the former government base. Presumably this activity is in support of Communist units moving into the area.

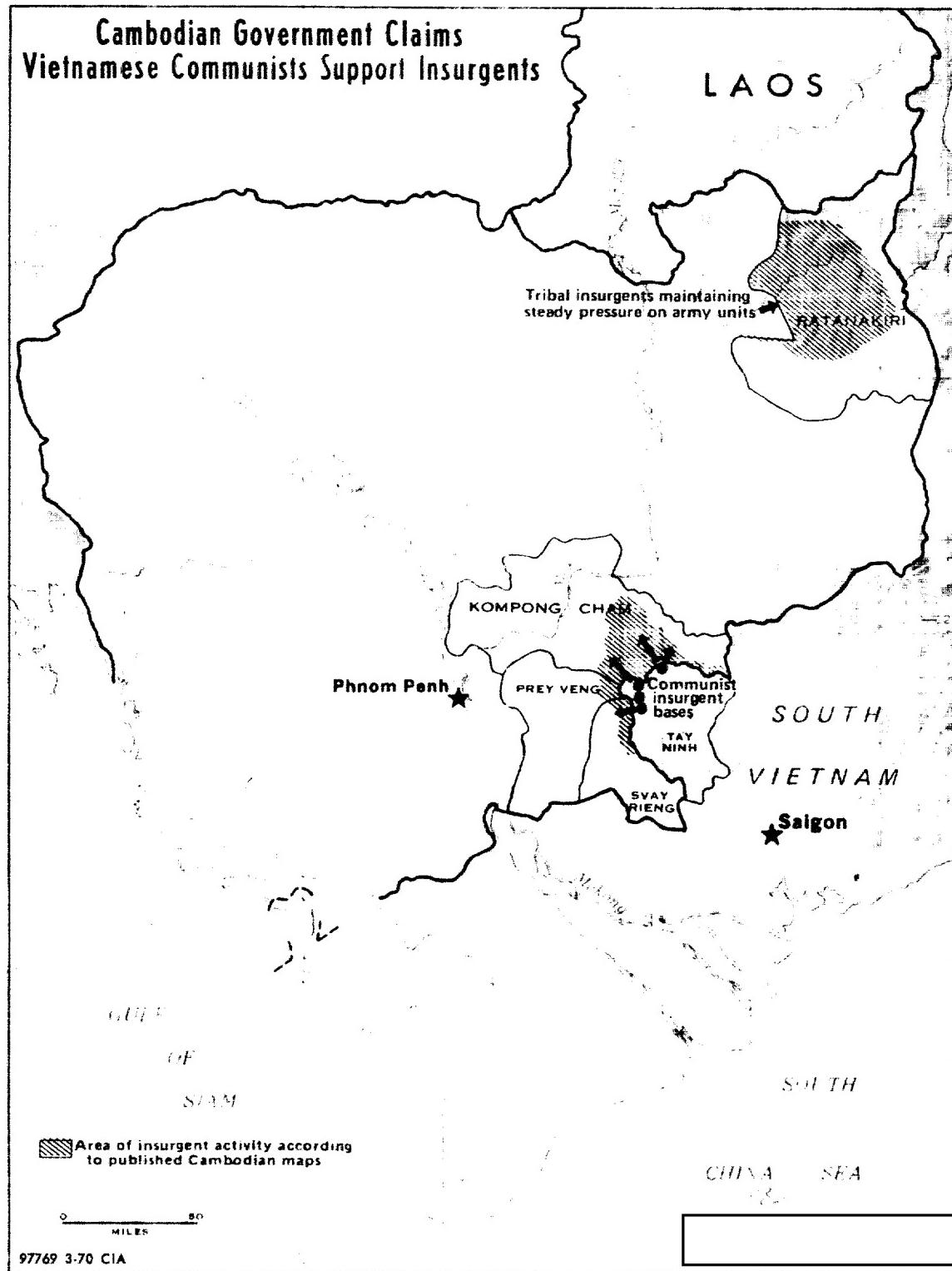
Before pushing significantly west of the Plaine, the Communists may concentrate their efforts against the newly-strengthened government positions at San Luang and Ban Nam Pit, situated approximately ten miles south of Muong Soui.

South of the Plaine, the Communists have probed again Vang Pao's defenses in the Khang Kho area. The Communist activity is probably directed at eventually opening a key trail into this area. This would permit them to move supplies into position for an assault against the government outpost at Tha Tam Bleung.

Meanwhile, the Neo Lao Hak Sat issued a statement on 1 March portraying the Communists' capture of the Plaine as an act of "self defense" aimed at securing Communist "liberated areas" from government operations. The statement also indicated a routine condemnation of Prime Minister Souvanna's call for a new Geneva conference, although it did not explicitly reject the possibility of such a meeting.

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Cambodia: The government has disclosed new information linking the Vietnamese Communists with Cambodian insurgent operations along the eastern frontier.

In an official journal, Phnom Penh has published an unusually explicit account of Communist promotion of insurgency in three southeastern border provinces. The article, which is attributed to Prime Minister Lon Nol, claims that at least five Khmer Rouge guerrilla groups are based in Viet Cong - controlled areas of South Vietnam and are led by long-time Cambodian Communist Party members.

Some of these leaders probably have been trained in North Vietnam. These groups, which total about 450 men, are composed of members of the ethnic Cambodian minority in southern South Vietnam, although the article states that some are native Cambodians. The account also says that the insurgents have concentrated on spreading antigovernment propaganda among villagers in the border region, but they have plans for extending their influence westward.

25X1 [redacted] the Cambodians have encountered some insurgents in this area for at least two years. It is not possible to vouch for the authenticity of all of the Cambodian claims, but it has not been their practice to publish such material without some substantiating evidence.

If the Vietnamese are involved, it is likely that they are using the insurgents to help establish and protect secure base areas on Cambodian soil. Hanoi has consistently assured Phnom Penh that it is not supporting the insurgents.

Whatever the facts of the matter, Phnom Penh takes the insurgency threat seriously. [redacted]

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In addition, Deputy Prime Minister Matak has again expressed the widely-held Cambodian conviction that tribal insurgents in the northeast in Ratanakiri Province were being led by the Viet Cong. He said the Viet Cong were using the insurgents to shield Communist resupply operations in that area.

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Austria: A return to the "Grand Coalition," which governed Austria from 1945 to 1966, is almost a certainty, but for the first time the chancellor will be a Socialist.

Both Socialist leader Kreisky and the outgoing People's Party Chancellor Klaus voiced support for such a coalition in the wake of Sunday's election, which gave the Socialists a plurality for the first time. Klaus' decision ruled out the possibility that his party might block the Socialists' bid for power by going into coalition with the Liberals, who have been accused of being neo-Nazi. This mini-coalition would have had only a two-seat edge in parliament but, more importantly, risked polarizing Austrian politics to an extent not seen since the brief civil war of 1934.

President Jonas is expected to ask Kreisky to form a government, a task which could be completed before the end of the week. Socialist leaders met yesterday and People's Party leaders are meeting today to draft their respective positions preparatory to negotiations. Foreign policy is not an issue between the two parties, and differences on domestic questions should not be insurmountable. The only complicating factor may be Kreisky's announced intention to avoid reviving the policy-making mechanisms of previous "grand coalitions."

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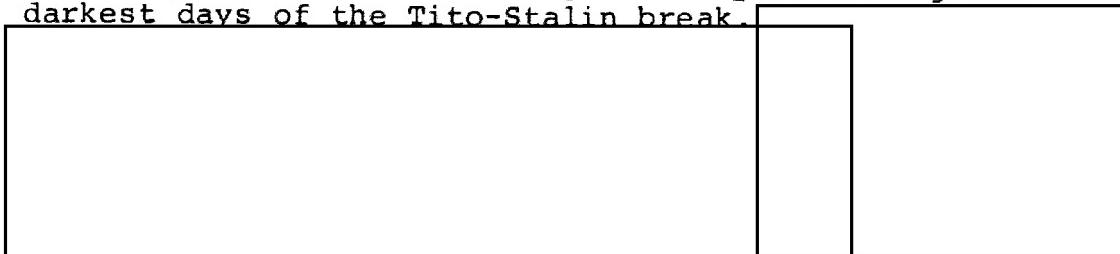
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Yugoslavia: The media have alleged that certain elements in the party are more openly opposing the policies of President Tito, but there is no indication that they are a threat to the regime.

A press article recently claimed that a letter has been circulated purporting to have originated in the Croatian party attacking authorities in Belgrade for turning Yugoslavia over to capitalism and counter-revolution. The letter hinted that Soviet aid might be beneficial in correcting the situation. The article also claims that "opposition centers" are being formed in Western countries. One such "center," reportedly operating in Copenhagen, is said to have sent leaflets to Yugoslavia calling for "action" to keep the country out of US hands.

Admittedly, some elements in the Yugoslav party are trying to restore a more bureaucratic, centrally controlled system, but such people are few in number. The current campaign may be designed by central authorities to subdue all types of potential opposition. Tito himself has labeled such activity "cominformism"--an accusation that stirs a sensitive and unifying chord in the Yugoslavs by recalling the darkest days of the Tito-Stalin break.

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C Guatemala: Rightist candidate Colonel Carlos Arana is the clear leader of the presidential contest.

Arana upset the favored government slate by a comfortable margin, but his lack of a majority will require a second-stage election by the congress. Arana's lead over the centrist official candidate and the respectable showing of the Christian Democrats seem particularly to repudiate the government's inept performance against continuing Communist terrorism. Probably contributing to the government defeat was the kidnaping of the foreign minister and other terrorist acts on the eve of the balloting.

The congressional races show signs of widespread vote splitting, and the results are not yet tabulated. The electoral registry, its performance handicapped by the shooting of the director last week, is reportedly in confusion, and Colonel Arana is greatly irritated by what he believes is a deliberate effort to stall the final tally.

The post-election period is likely to be delicate. The constitution does not specify the date of the selection between the two top presidential vote-getters, nor does the constitution say whether the incumbent or newly-elected legislature is responsible for the choice. Runner-up government candidate Mario Fuentes Pieruccini said in a televised campaign speech that he would not accept a stage-two election if he failed to gain a plurality in the public balloting. Moreover, the presidential succession is not until 1 July; this provides an extended period that may make for disruptive political maneuvering



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Colombia: The presidential contest appears to be centering on two of the four candidates as the election date of 19 April approaches.

According to the US Embassy in Bogota, the leaders are National Front candidate Misael Pastrana and former dictator General Rojas. Pastrana has been disappointing thus far; he lacks issues, focus, and popular appeal. Moreover, some of his Liberal Party supporters are beginning to doubt that he will win.

Rojas, however, is well regarded, especially by the lower classes, and he stands a good chance to receive much of the protest vote, according to the embassy. Rojas' strength is difficult to assess, but his campaign is well organized.

Maverick Conservative Belisario Betancur, who appeared promising earlier, continues to draw substantial crowds. His campaign, however, is experiencing financial difficulties. North coast favorite Evaristo Sourdis looks like a poor fourth at this time.

Although Pastrana is having difficulty projecting himself, there is still time to remedy the situation. Moreover, he has the support of the powerful Liberal Party machine as well as that of President Lleras. There are already indications that the government is maneuvering behind the scenes in an attempt to increase Pastrana's support.

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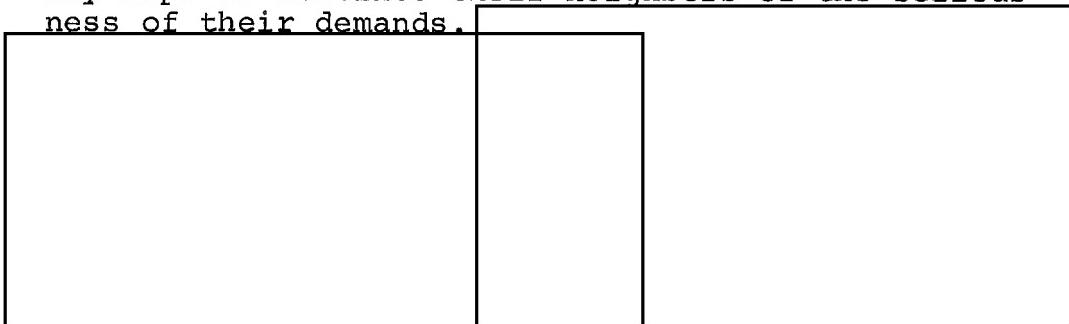
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Honduras: The country's dissatisfaction with the Central American Common Market is expected to be an important issue when representatives of the major international lending organizations meet with the government on 4-6 March.

The scheduled meeting is designed to provide a forum for Honduras to present its aid requirements, outline its development strategy, and make a plea for an accelerated program of coordinated assistance. In addition, the Hondurans hope the meeting will help to restore the confidence of local businessmen and foreign investors that was shaken by last summer's conflict with El Salvador.

The Hondurans also believe that the meeting will improve their bargaining position for restructuring the Common Market and for improving their trade position with their Central American neighbors. The Hondurans have consistently complained that they were not receiving a fair share of the benefits of membership. They have threatened to withdraw from the organization unless basic changes are made. The Hondurans have also used this threat in an attempt to pressure El Salvador to negotiate a settlement of the border dispute and have recently indicated an unwillingness to attend Common Market negotiations until border incidents were stopped. By stressing extra-Market economic relationships at this meeting, the Hondurans may hope to convince their neighbors of the seriousness of their demands.

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Communist China - Yugoslavia: A flurry of commercial negotiations could increase the small level of trade, which last year amounted to only some \$2 million. Peking is increasing its purchase of Yugoslav manufactured goods and is seeking to purchase freighters and tankers ranging in size from 15,000 to 70,000 tons. Belgrade reportedly is placing more orders for Chinese pharmaceuticals and textiles, and has proposed a barter deal involving the exchange of chemicals for Chinese pork. Recent efforts to expand shipping services between the two countries will facilitate trade.

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Libya: Major Kharubi, governor of Cyrenaica and a member of the Revolutionary Command Council, is promoting a "Libya first" program, challenging the junta's foreign commitments.

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Kharubi has been demanding that the junta give greater priority to the problem of internal stability, citing continuing popular discontent in Cyrenaica in support of his arguments. Kharubi's constant criticism of the junta's policies could be a prelude to his challenging Qaddafi's predominance in the council, but to mount an effective challenge, Kharubi would need more independent support than he now seems to have.

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South Africa: Criticism of Prime Minister Vorster is rising within his National Party. His critics complain that at the recent parliamentary session he directed all his attention to discrediting the new ultrarightist party while ignoring more substantive policy matters. These complaints may be an effort by National Party members to make Vorster personally responsible for any setback the party may suffer in the coming elections. Vorster's prestige within the party does appear to have slipped, but it could be quickly restored if the ultrarightists suffered a clear defeat at the polls.

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Malawi-Rhodesia: President Banda has rejected an overture from Rhodesia to establish a permanent office in Malawi.

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[redacted] Banda has good reasons for wishing to avoid the appearance of giving de facto recognition to the Salisbury regime. One major reason is his desire not to jeopardize the substantial economic assistance that Malawi receives from the UK. Moreover, approval of the Rhodesian request would be a reversal of Malawi's recent efforts to improve its relations with other black African states, such as Zambia and Tanzania, which are bitterly opposed to the white-ruled Rhodesian Government.

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UN: The month-long meeting of the UN General Assembly's Seabeds Committee, which began yesterday, is expected to focus on principles for future plans to govern peaceful uses of the ocean floor. The Assembly last fall passed four resolutions on the seabeds, reflecting the desire of the less developed countries to prevent potential superpower exploitation of the natural resources on the ocean floor. Several countries have recently expanded their claims to territorial waters to combat potential seabeds exploitation by other nations. The committee probably will attempt to draft a declaration of general principles as well as recommendations about the economic and technical rules for exploitation under future international machinery.

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C Bolivia: A major explosion yesterday at the army arsenal in La Paz killed several soldiers. According to unconfirmed press reports, following a meeting of military and civilian leaders, the government released a statement declaring that the incident may have been the work of political opponents of the government. President Ovando later played down this statement, saying that the explosion appeared to be an accident.

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